

FISCAL NOTE

Bill #: HB0170

Title: Clarify fund transfers for certain vehicle taxes and fees

Primary Sponsor: Wilson, B

Status: As Introduced - Revised

Sponsor signature

Date

David Ewer, Budget Director

Date

Fiscal Summary

| | <u>FY 2005 Difference</u> | <u>FY 2006 Difference</u> | <u>FY 2007 Difference</u> |
|--|--------------------------------------|--------------------------------------|--------------------------------------|
| Expenditures: | | | |
| General Fund | \$1,582,196 | \$231,000 | \$53,000 |
| State Special Revenue | \$0 | \$0 | \$0 |
| Revenue: | | | |
| General Fund | \$0 | \$0 | \$0 |
| State Special Revenue | \$1,582,196 | \$231,000 | \$53,000 |
| Net Impact on General Fund Balance: | (\$1,582,196) | (\$231,000) | (\$53,000) |

☐ Significant Local Gov. Impact

☐ Technical Concerns

☒ Included in the Executive Budget

☐ Significant Long-Term Impacts

☐ Dedicated Revenue Form Attached

☐ Needs to be included in HB 2

Fiscal Analysis

ASSUMPTIONS:

Department of Revenue:

1. This bill modifies statutory language in order to facilitate legislative intent to provide certain motor vehicle revenue transfers to state agencies. It allows Department of Agriculture, Fish Wildlife and Parks (FWP), and Military Affairs to receive retroactive payment for transfers that due to legal technicalities (DOR HB559 legal opinion) could not be made during the 2005 biennium.
2. HB559 became effective January 1, 2004. In effect, HB559 eliminated some state agency transfers in FY 2004 and FY 2005 with language that specified some transfers not be made until FY 2006. HB 559 also removed language from SB 112 that would have provided transfers to the search and rescue fund.

Transfer shortfalls to Department of Agriculture and Fish Wildlife and Parks

3. The total loss to Department of Agriculture and FWP due to the elimination of the transfers was determined by calculating the difference between what each agency's transfer would have been under legislative intent, and what the agency's transfer amounts authorized in law were during the 2005 biennium. The difference between legislative intent, and the actual amounts authorized under law for FY 2004 and FY 2005 is considered the transfer shortfall to each agency.

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4. As the following table shows, had these transfers been accounted for as intended, rather than under HB 559, the additional amounts transferred to state agencies (shortfall) would have been \$476,935 in FY 2004, and \$745,239 in FY 2005.

| Impact of HB559 Legal Opinion on Motor Vehicle Transfers to State Agencies For Fiscal Year 2004 and 2005 | | | | | | | |
|---|--------------------------------|------------------------------|----------------------------------|--------------------------------|------------------------------|----------------------------------|---|
| State Agency Account Affected | Fiscal Year 2004 | | | Fiscal Year 2005 | | | Total Shortfall |
| | Intended Transfer Amount | HB 559 Transfer Amount | Shortfall Amount to Agency | Intended Transfer Amount | HB 559 Transfer Amount | Shortfall Amount to Agency | Fiscal Year 2004 & 2005 Shortfall |
| Department of Agriculture | | | | | | | |
| OHV FILT - Weed Fee | \$ 26,069 | \$ 6,387 | \$ 19,682 | \$ 29,435 | \$ - | \$ 29,435 | \$ 49,117 |
| Weed Fee - All Other Motor Vehicles | \$ 1,533,648 | \$ 1,495,521 | \$ 38,127 | \$ 60,302 | \$ - | \$ 60,302 | \$ 98,429 |
| Total Department of Agriculture | \$ 1,559,717 | \$ 1,501,908 | \$ 57,809 | \$ 89,737 | \$ - | \$ 89,737 | \$ 147,546 |
| Department of Fish, Wildlife and Parks | | | | | | | |
| Watercraft Decal Fee | \$ 129,888 | \$ 25,958 | \$ 103,930 | \$ 135,623 | \$ - | \$ 135,623 | \$ 239,553 |
| Snowmobile Decal Fee | \$ 107,350 | \$ 67,235 | \$ 40,115 | \$ 131,755 | \$ - | \$ 131,755 | \$ 171,870 |
| OHV Decal/Duplicate Decal Fee | \$ 134,055 | \$ 33,740 | \$ 100,315 | \$ 151,745 | \$ - | \$ 151,745 | \$ 252,060 |
| Parks Recreational Fee | \$ 223,454 | \$ 48,689 | \$ 174,766 | \$ 236,380 | \$ - | \$ 236,380 | \$ 411,145 |
| Total Department of FWP | \$ 594,747 | \$ 175,621 | \$ 419,126 | \$ 655,502 | \$ - | \$ 655,502 | \$ 1,074,628 |
| Total Vehicle Transfer Payments | \$ 2,154,464 | \$ 1,677,529 | \$ 476,935 | \$ 745,239 | \$ - | \$ 745,239 | \$ 1,222,173 |

5. Under HB 170, in FY 2005 each of the special revenue accounts shown in the above table will receive a transfer in FY 2005; the estimated transfer amounts are shown in the total column on the far right-hand side of the table.

Military Affairs (DMA) - Search and Rescue account transfers

6. This bill also allows for retroactive payment, along with future transfers to the search and rescue account. The search and rescue account transfers were created by SB 112 during the 2003 legislative session, but did not have transfer language under HB 559.
7. The transfers to the search and rescue account are based on the count of registered watercrafts, off highway vehicles (OHV), and snowmobiles.
8. Since the effective date of SB 112 was January 1, 2004, the motor vehicle counts for FY 2004 are based on vehicles registered from January to June of calendar year 2002. In FY 2004, the January to June count of registered watercrafts, OHV's, and snowmobiles was 69,810. In FY 2005, the total count of registered watercrafts, OHV's, and snowmobiles was 110,201.

| Total Amount of Transfer to the Search and Rescue Account If SB207 Had Been in Effect for Fiscal Years 2004 and 2005 | | | | |
|---|--------------------------------------|--------------------|--|--------------------|
| Vehicle Type | ----- Fiscal Year 2004 ----- | | ----- Fiscal Year 2005 ----- | |
| | Number Registered January to June | Transfer Amount | Number Registered January to December | Transfer Amount |
| OHV's | 19,890 | \$ 39,780 | 54,635 | \$ 109,270 |
| Snowmobiles | 8,207 | \$ 16,414 | 28,977 | \$ 57,954 |
| Watercraft | 41,713 | \$ 83,426 | 26,589 | \$ 53,178 |
| Total | 69,810 | \$ 139,620 | 110,201 | \$ 220,402 |

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9. Had the search and rescue transfer language been in place under SB 112 and HB 559, the search and rescue transfer would have been \$139,620 (69,810 x \$2) in FY 2004, and \$220,402 (110,201 x \$2) in FY 2005. HB 170 allows for the retroactive payments of these amounts to the search and rescue account.
10. Along with the retroactive payments, HB 170 allows the search and rescue to receive transfers into the future. It is estimated that the transfer amount will be \$231,000 in FY 2006. The transfer amount will decrease in FY 2007 to approximately \$53,000 because HB 559 required permanent registration of watercrafts, OHV's, and snowmobiles beginning in calendar 2004: FY 2007 transfers are based on calendar 2005 registration counts which will be significantly lower because watercrafts, OHV's, and snowmobiles will only register when new, or ownership changes.

Summary

11. The total amount necessary for retroactive payment of all transfers is estimated to be \$1,582,196 (\$476,935 + \$745,239 + \$139,620 + \$220,402).
12. Since HB170 is effective upon passage and approval, the state general fund impact for retroactive transfers is in FY 2005. There are no future year impacts associated with transfers to FWP and Department of Agriculture as they are included in current law.
13. The transfer amounts to the search and rescue fund for future years are not currently accounted for under current law, and account for the only impacts under HB 170 for FY 2006 and FY 2007.

TECHNICAL NOTES:

If this legislation fails, a year and a half of revenues will be lost to the programs established in statute to receive these transfers. Programs are not adequately funded until these revenues are transferred.

FISCAL IMPACT:

| | <u>FY 2005</u> <u>Difference</u> | <u>FY 2006</u> <u>Difference</u> | <u>FY 2007</u> <u>Difference</u> |
|---|-------------------------------------|-------------------------------------|-------------------------------------|
| <u>Expenditures:</u> | | | |
| Transfers | \$1,582,196 | \$231,000 | \$53,000 |
| <u>Funding:</u> | | | |
| General Fund (01) | \$1,582,196 | \$231,000 | \$53,000 |
| <u>Revenues:</u> | | | |
| General Fund (01) | 0 | 0 | 0 |
| State Special Revenue - Fish Wildlife & Parks | \$1,074,628 | 0 | 0 |
| State Special Revenue - Department of Agriculture | \$147,546 | 0 | 0 |
| State Special Revenue – DMA (Search & Rescue) | <u>\$360,022</u> | <u>\$231,000</u> | <u>\$53,000</u> |
| TOTAL | \$1,582,196 | \$231,000 | \$53,000 |

Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

| | | | |
|---|---------------|-------------|------------|
| General Fund (01) | (\$1,582,196) | (\$231,000) | (\$53,000) |
| State Special Revenue - Fish Wildlife & Parks | \$1,074,628 | 0 | 0 |
| State Special Revenue - Department of Agriculture | \$147,546 | 0 | 0 |
| State Special Revenue – DMA (Search & Rescue) | \$360,022 | \$231,000 | \$53,000 |